

DEM

Decision No. 16 771 .

**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 SOUTHERN CALIFORNIA UTILITIES INC. )  
 and )  
 SOUTH LOS ANGELES LAND AND WATER COM- )  
 PANY for authority for the Southern )  
 California Utilities Inc. to purchase )  
 the properties of the South Los An- )  
 geles Land and Water Company and for the )  
 latter company to sell its properties, )  
 and for authority for the Southern Cal- )  
 ifornia Utilities Inc. to issue shares )  
 of its common stock of the par value )  
 of \$300,000. and its first mortgage )  
 bonds of the face value of \$350,000. )

Application No. 12587

BY THE COMMISSION:

SECOND SUPPLEMENTAL ORDER

The Railroad Commission by Decision No. 16651, dated May 4, 1926, in the above entitled matter, authorized South Los Angeles Land and Water Company to sell all its properties to Southern California Utilities Inc., and authorized Southern California Utilities Inc. to issue \$350,000. of first mortgage six and one half percent bonds, due 1946, and \$300,000. of common stock.

The order of the Commission reads in part as follows:-

"3. Southern California Utilities Inc. shall sell said \$350,000. of bonds at not less than 94 per cent of their face value and accrued interest and use \$282,000. obtained from the sale of such bonds, together with the \$300,000. of common stock herein authorized to be issued, to pay in full for all the properties of South Los Angeles Land and Water Company, free and clear of all indebtedness, provided that if such properties are not acquired free and clear of all indebtedness, the amount of stock and the amount of cash that may be paid for such properties shall each be reduced in proportion to the net indebtedness assumed by Southern California Utilities Inc.

4. The sum of \$47,000. obtained from the sale of such bonds, together with any portion of the \$282,000. not delivered to the South Los Angeles Land and Water Company may be expended by Southern California Utilities Inc. only for such purposes as the Commission will authorize by a supplemental order or orders. "

In the agreement of sale, a copy of which was filed with the original application herein as Exhibit "D", it was agreed that "all of said property shall be free and clear of all indebtedness, liens, charges, encumbrances, and assessments of any kind whatsoever, excepting said property shall be subject to any advances which have been made prior to the date hereof for pipe line construction and which may be refundable." As of December 31, 1925, there was advanced to South Los Angeles Land and Water Company, in aid of construction, the sum of \$67,966.17.

In a supplemental petition filed in the above entitled matter on May 20, 1926, it is reported that it is necessary for Southern California Utilities Inc., in order to fulfill the terms of the agreement, to assume the liability to refund all advances for pipe line construction which are refundable and that South Los Angeles Land and Water Company is unwilling to have the cash payment for its properties reduced in proportion to such advances as are assumed by the purchasing company, as contemplated in the order in Decision No. 16651. The Commission is therefore asked to make an order modifying its former decision so as to reduce the amount of stock to be delivered to South Los Angeles Land and Water Company to the extent of such indebtedness assumed by Southern California Utilities Inc.

The Commission is also asked to authorize the use of \$39,000. of the \$47,000. of bond proceeds referred to in Paragraph "4" of the order in Decision No. 16651, to finance the cost of certain extensions which are reported necessary in order for it to maintain proper service. These expenditures are described in

the supplemental petition as follows:-

10" cast iron main on Wilmington Street between Merrill Ave. and Florence Ave. and on Walnut Drive between Florence Ave. and Nadeau Street 5500 feet	\$15,000.
New 14" well approximately 300 feet in depth at the Goodyear Plant. Estimated cost of drilling and installing pumping equipment	7,000.
New 14" well at Huntington Park Plant, 800 feet deep. Estimated cost of drilling and installing necessary pumping equipment . . . . .	13,500.
New 8" Fairbanks-Morse booster pump and 75 H.P. motor at Huntington Park . . . . .	2,000.
Sunstrand adding machine . . . . .	475.
Ford truck . . . . .	525.
Filing cabinets, consumers ledger card trays, etc. for office equipment . . . . .	500.
Total.....	<u>\$39,000.</u>

The Commission has given consideration to applicant's request and is of the opinion that it should be granted, as herein provided, and that the expenditures herein authorized are reasonably required, and are not, in whole or in part, reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that Paragraph "3" of the order in Decision No. 16651, dated May 4, 1926, be, and it is hereby, modified so as to read as follows:-

3. Southern California Utilities Inc. shall sell said \$350,000. of bonds at not less than 94 per cent of their face value and accrued interest and use \$282,000. obtained from the sale of such bonds, together with the \$300,000. of common stock herein authorized to be issued, to pay in full for all the properties of South Los Angeles Land and Water Company, free and clear of all indebtedness, provided that if such properties are not acquired free and clear of all indebtedness, the amount of stock to be delivered in part payment for such properties shall be reduced in the same amount as the amount of indebtedness assumed by Southern California Utilities Inc.

IT IS HEREBY FURTHER ORDERED that Southern California Utilities Inc. be, and it is hereby, authorized to use approximately \$39,000. of the proceeds from the sale of the \$350,000. of bonds authorized by said Decision No. 16651, dated May 4, 1926, to finance the cost of the extensions, additions and betterments referred to herein and described in the supplemental petition filed in this proceeding on May 20, 1926.

IT IS HEREBY FURTHER ORDERED that the order in Decision No. 16651, dated May 4, 1926, as amended, shall remain in full force and effect except as modified by this <sup>second</sup> ~~first~~ Supplemental Order. *Wm.*

DATED at San Francisco, California, this 25<sup>th</sup> day of May, 1926.

*H. A. ...*  
*C. ...*  
*...*  
*Leon Whitell*

Commissioners.